

FINAL REPORT
OF THE
STUDY GROUP FOR
FERTILIZERS



NATIONAL COMMISSION ON LABOUR

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FOREWORD

The National Commission on Labour appointed the Study Group for Fertilizer Industry in its attempt to understand the changes in conditions of labour in that industry since Independence. This was one of the series of Study Groups set up for different industries. The Study Group was required to analyse available information and project its thinking on labour problems in the fertilizer industry for the years to come taking into account the possible developments in the industry. The Group presented its Interim Report last year. This has already been published by the Commission.

The views expressed in this Final Report, as in the earlier Interim Report, are the views of the Study Group. In examining them for framing its final recommendations, the Commission will attach due importance to these views coming as they do from knowledgeable persons in the fertilizer industry. In the meanwhile, the report is being published by the Commission with a view to seeking comments on it from persons/institutions interested in the development of that industry.

The Commission is grateful to the Chairman and Members of the Study Group individually for completing their work within the time limit fixed for them. The Commission is also grateful to all persons/institutions who may have helped the Study Group in reaching conclusions.

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R E P O R T

The Study Group for Fertilizer Industry constituted by the National Commission on Labour has submitted an interim report on the conditions of labour in Fertilizer Industry in India. All the major points connected with the topics covered by the area of the enquiry of the National Commission on Labour, such as recruitment, conditions of work, trade unions, industrial relations, labour legislations etc. have already been dealt within the said report in detail. It was, however, thought that since the topics relating to the labour problems in the public sector which at present covers a larger portion of the fertilizer industry and the labour legislation were being dealt with by separate study groups constituted by the National Commission on Labour for those specific purposes and since both these problems are very much inter-related to the problems in the fertilizer industry, it was necessary to await those reports and offer our comments, if any, on the same.

2. The Study Group had also taken note of the fact that the Implementation and Evaluation Wing of the Ministry of Labour, Employment and Rehabilitation had undertaken case studies in the three public sector units namely, Nangal, Sindri Units of the Fertilizer Corporation of India Ltd., and Fertilizers and Chemicals Travancore Ltd., Alwaye, with regard to the labour problems and conditions existing in these units. Since the Study Group was not in possession of the actual reports of the Implementation and Evaluation Wing of the Union Labour Ministry, it was not possible to express any views on the findings of these case studies in our interim report.

3. We have now received the reports of (1) Study Group on Labour Problems in the Public Sector, (2) Study Group on Labour Legislation and (3) Case Study reports in the three public sector fertilizer units referred to above. The members of this Study Group were individually served with copies of these reports and a special meeting was convened and held on 16th July, 1968 at Madras to consider the final report of this Study Group.

4. With regard to the case studies of the three undertakings named above made by the Union Labour Ministry as far back as 1966, this Study Group which consisted of representatives of FACT, Alwaye, Fertilizer Factory Workers' Union, Sindri and FCI Ltd., carefully considered the three reports and we are of the opinion that the conditions in all the units have substantially changed since these reports were made. It is observed that these case studies were undertaken as could be seen from the preface to these reports, in pursuance of a directive in the Third Five Year Plan to undertake such studies in all the public sector undertakings and not only for these three units alone. Secondly, these case studies did not reveal any general outline or problems in the fertilizer industry as a whole on which we could express our views and make suggestions. In fact, the problems of inter-union rivalries, employer-employee relationship, principles of Code of Discipline, recognition of trade unions etc. which are covered by these case studies have already been dealt with by us in our interim report, keeping in view the special nature of fertilizer industry and its significant role in the economic development of the country. Just as we have dealt with these problems in our report so far as they relate to the fertilizer industry, the Study Group on Labour Legislation has also dealt with them from a general point of view and has made its recommendations. We find that due to lack of precise legislation dealing with the issue of recognition of trade unions, many of the problems arose out of inter-union rivalries and remained unsolved. Once adequate legislation is enacted on the lines recommended by us and also by the Study Group on Labour Legislation, we feel that solutions to these types of problems could be found. Since the Code of Discipline adopted by the Indian Labour Conference has no mandatory force, difficulties arise in its observance. When the issues under dispute are dragged to a court of law and Industrial Tribunals, only the enacted Acts and rules are taken as reference for deciding such issues and not the Code of Discipline which has no statutory force. Only in the Bombay Industrial Relations Act, there is some provision towards this direction. It is, therefore, felt that only the statutory enactments of the principles enunciated in the Code of Discipline would ease the situation.

5. The three case studies reveal a lot on account of internal friction within the union as well as multiplicity of trade unions. It also reveals lack of uniformity in policy and

action in the implementation of labour laws in different States. The Labour Investigation Committee, known as Rege Committee has pointed out these facts decade ago. But unfortunately no legislation for recognition of trade unions has been so far provided, except in the Bombay Industrial Relations Act which is in force in the State of Maharashtra for certain industries. For instance, the issue of functions of Works Committee which was raised in the Nangal Unit of FCI has remained undecided with the conflicting provisions in the Industrial Disputes Act and the recommendations of the Indian Labour Conference. In the Industrial Disputes Act, Section 3 provides the functions of the Works Committee as :—

“.....to promote measures for securing and preserving amity and good relations between the employer and workmen and to that end to comment upon matters of their common interest or concern and endeavour to compose any material difference of opinion in respect of such matters.”

According to the Indian Labour Conference resolution, the Works Committee could normally deal with the following issues :—

1. Conditions of work such as ventilation, lighting, temperature and sanitation, including latrines, urinals.
2. Amenities such as drinking water, canteens, dining rooms, creches, rest rooms, medical and health services.
3. Safety and accident prevention, occupational diseases and protective equipment.
4. Adjustment of festival and national holidays.
5. Administration of Welfare Fund.
6. Educational and recreational activities such as libraries, reading rooms, cinema shows, sports, games, picnic parties, community welfare and celebrations.
7. Promotion of thrift and savings.
8. Implementation and review of decisions arrived at in the meetings of the Works Committee.

With these provisions, it is difficult to settle down a controversy raised by either of the parties on the issue of matters to

be discussed in the Works Committee meetings and functions of the Works Committee.

6. We are happy to note that the recommendations of the Study Group on Labour Legislation conform more or less to what has been recommended by us in our interim report.

We welcome the suggestion of the Labour Legislation Study Group for a simplified standardised Labour Code on an all-India basis as a true solution to the various labour problems which more or less are common throughout the country. The Rege Committee appointed in 1943 has also observed that the scheme of distribution of powers on labour subjects between Centre and States has resulted in complete lack of uniformity both in respect of policy and action. This line of thinking is in conformity with our suggestion to have Central control on the labour problems in the fertilizer industry. We note that the Study Group on Labour Legislation had advocated uniformity in definitions, constitution of common authorities, both executive and judicial, and the creation of two all-India cadres (i) Labour Judicial Service and (ii) Labour Administrative Service, standardization of terms and conditions of service, integrated scheme of social security, statutory provisions for recognition of unions, simplification of procedure with a view to speedy implementation and quick and inexpensive remedies, etc. We would also like to point out here the recommendations of the Labour Legislation Study Group in respect of appropriate Government in the case of public sector undertakings which have branches all over the country. The recommendations for as much uniformity as possible in the matter of service conditions such as working hours, spread over, leave and holidays and the like which would tend to minimise industrial strife on this kind of matters are welcome. In fact, it is worthwhile to consider these on industry-wise basis because each such industry might have its special problems with regard to working hours, spread-overs and other service conditions. There can also be a common set of Standing Orders for each industry just as in the Bombay Industrial Relations Act, which provides industry-wise Model Standing Orders.

7. The Committee would like to record its view on the suggestion of the Labour Legislation Study Group in para 3.32 of its interim report to put a ceiling on overtime work at 30 hours a month or 6 hours a week. This restriction is not feasible in a continuous process industry like the Chemical Fertilizer Industry. For instance, in the absence of a shift

worker who is supposed to relieve the earlier shift workers, the latter is required to do the work of the following shift, thus making 16 hours duty in one single day. Therefore, some flexibility should be provided for adjustment in special circumstances and cases.

8. Some of the problems which the Study Group has dealt with, such as recognition of trade unions, promotion and recruitment policy, qualifying and trade test for recruitment and promotions, percentages for promotions from lower ranks, training schemes, incentive payment schemes have all been dealt with by us. There is nothing much to comment on the report made by the Study Group on Labour Problems in Public Sector undertakings.

9. We furnish in Annexure I, II, III, and IV to this report, statistics regarding production, prices of fertilizer in various public and private sector undertakings and also new projects in the fertilizer industry which are under consideration of the Government of India.

10. We would like to place on record our thanks and gratitude to the Chairman of the National Commission on Labour, Dr. P.B. Gajendragadkar and Shri B.N. Datar, Member Secretary of the Commission for giving us all an opportunity to serve on this Study Group and project our thinking on the labour problems in this industry.

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Member-Secretary

ANNEXURE I

(Fertilizer Production)

The names of fertilizer factories in the country both in the public sector and private sector with their annual production and capacity are given below :

I. NITROGENOUS FERTILIZERS

(In tonnes of Nitrogen)

	Annual Capacity	Production for the first 11 months of 67-68 i.e. up to the end of February, 68.
A. Public Sector		
1. Sindri —	102,000	66,716
2. Nangal —	80,000	71,734
3. Trombay —	90,000	36,518
4. Gorakhpur —	80,000	450
5. FACT (Udyogamandal) —	62,000	23,974
6. Neyveli —	70,000	29,425
7. Rourkela —	120,000	33,665
B. Private Sector		
1. Varanasi —	10,000	4,742
2. Ennore —	16,000	6,054
3. Gujarat —	96,000	33,019
4. Visakhapatnam —	80,000	3,957

The above does not include ammonium sulphate produced as a by-product from the coke-oven plants.

(In tonnes of P₂ O₅)

II. PHOSPHATIC FERTILIZERS

A. Public Sector		
1. FACT (Udyogamandal)	33,850	15,768
2. Bihar State Super-phosphate Factory	3,910	4,634
3. Hyderabad Chemical & Fertilizer Ltd.	6,980	3,060
4. Mysore Chemicals & Fertilizers	5,590	3,420
B. Private Sector		
1. Andhra Sugars Ltd.	5,590	3,210
2. Andhra Fertilizers Ltd.	6,670	3,976
3. Krishna Industrial Corpn. Ltd.	8,470	2,432

4. Associated Industries (Assam) Ltd.	5,590	2,825
5. DCM Chemical Works Co., Ltd.	12,000	8,541
6. Alembic Chemical Works Co., Ltd.	3,910	2,306
7. Anil Starch Products Ltd.	5,590	3,829
8. Adarsh Chemicals & Fert. Ltd.	5,590	6,122
9. Dharamsi Morarji Chem. Co., Ltd. (Kumhari)	12,500	12,265
10. E.I.D. Parry Ltd. (Ranipet)	6,670	5,128
11. Shaw Wallace & Co. Ltd.	12,500	10,429
12. Coimbatore Pioneer Fertilizers Ltd.	6,774	2,521
13. Blue Mountain Estates & Industries Ltd.	7,450	3,791
14. Premier Fertilizers Ltd.	6,770	3,696
15. Dharamsi Morarji Chemical Co. Ltd. (Ambernath)	12,000	11,434
16. J.K. Chemicals Ltd., Bombay	930	1,129
17. Western Chemical Industries., Bombay.	560	668
18. Western India Chemicals Ltd. Mysore	5,590	3,960
19. Chamundi Chemicals & Fertilizers Ltd.	6,770	4,647
20. Ralli Chemicals Ltd., Kanpur	10,160	6,102
21. Phosphate Co. Ltd., Calcutta	10,167	8,195
22. Jay Shree Chemicals & Fertilizers.	5,590	4,939
23. Gujarat State Fertilizers Ltd., Baroda.	50,000	10,603
24. Coromandal Fertilizers, Ltd. Visakhapatnam	73,000	886
25. EID Parry Ltd. (Ennore)	10,300	6,988

Source :—(Ref. Oil Commentary, May 15, 1968)

ANNEXURE II

(New Fertilizer Factories)

List of new fertilizer factories proposed both in public and private sector

Name of Project	Investment (in Rs. crores)	Annual capacity in terms of N	Name of party
PUBLIC SECTOR			
1. Durgapur	43.4	152,000	Fertilizer Corpn.
2. Cochin	45.6	152,000	Fertilizers & Chemicals Travancore Ltd.
3. FACT IV State Expansion	5.0	22,000	—do—
4. Madras	54.6	190,000	Madras Fertilizers
5. Barauni	35.1	152,000	Fertilizer Corpn.
6. Namrup Expansion	29.5	152,000	—do—
7. Trombay Expansion	51.0	229,000	—do—
PRIVATE SECTOR			
1. Kota	27.0	130,000	D. C. M. Co., Ltd.
2. Gujarat Expansion	22.3	120,000	Gujarat State Fertilizers
3. Kanpur	58.9	200,000	Indian Explosives Ltd.
4. Goa	47.2	160,000	Birla Gwalior P. Ltd.
5. Ghaziabad	36.0	160,000	Modi Spg. & Wvg. Co.
6. Mirzapur	46.0	160,000	Pilani Investment Corporation
7. Vizag Expansion	23.0	155,000	Coromandal Fertilizers Ltd.
8. Maagalore	52.5	240,000	Malabar Chemicals & Fertilizers Ltd.
9. Dharamsi Morarji Chem. Co. Project in Maharashtra	23.0	90,000	Dharamsi Morarji Chemical Co.

Source : (Ref. Oil Commentary, March 1, 1968)

ANNEXURE III

(Cost of Production)

Cost of production of ammonium sulphate, urea and double salt at Sindri, C A.N at Nangal and Ammonium phosphate at FACT during 1966-1967 and the cost of imported fertilizers contracted for during October 1967 to March 1968

Product	Cost of Production	Cost of imported fertilizer
		(In rupees per tonne)
Ammonium Sulphate	308	398
Urea	510	646
Double Salt	435	461
C. A. N. (20.5%)	229	—
C. A. N. (25%)	—	336
Ammonium Phosphate	609	715

Source : (Ref. Oil Commentary, May 15, 1968)

ANNEXURE IV

(Fertilizer Production)

The total amount of various fertilizers that would be needed ultimately and the value thereof are given below along with the quantity and value of fertilizers annually manufactured by units in the public and private sectors and the amount of annual shortfall in each variety :

Product	Total annual requirement	Total annual production	Annual shortfall
(In million tonnes)			
Nitrogenous Fertilizers (In terms of N)			
1967-68	1.35 (Value Rs. 283.5 crores)	0.36 (Value Rs. 75.6 crores)	0.99
1968-69	1.70 (Value Rs. 357.0 crores)	0.65 (Value Rs. 136.5 crores)	1.05
1969-70	2.00 (Value Rs. 420 crores)	0.98 (Value Rs. 205.8 crores)	1.02
Phosphatic Fertilizers (In terms of P ₂ O ₅)			
1967-68	0.50 (Value Rs. 120 crores)	0.20 (Value Rs. 48 crores)	0.30
1968-69	0.65 (Value Rs. 156 crores)	0.33 (Value Rs. 79.2 crores)	0.32
1969-70	0.80 (Value Rs. 192 crores)	0.38 (Value Rs. 91.20 crores)	0.42
Potassic Fertilizers (In terms of K ₂ O)			
1967-68	0.30 (Value Rs. 124 crores)	nil	0.30
1968-69	0.45 (Value Rs. 36 crores)	nil	0.45
1969-70	0.55 (Value Rs. 44 crores)	nil	0.55

Source : (Ref. Oil Commentary, March 1, 1968)